



STATE OF NEBRASKA

Dave Heineman
Governor

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MEMORANDUM

DATE: February 22, 2008
TO: Code Agency Directors
FROM: Dave Heineman, Governor
SUBJECT: Spending Restraint

There have been many economic reports recently which indicate a stagnant or contracting national economy. Today the Nebraska Economic Forecasting Advisory Board took account of the effects in Nebraska of this latest economic information and lowered its forecast of net General Fund tax receipts by \$126 million for fiscal years 2007-08 and 2008-09. These two years comprise our current budget biennium. It is very likely that projections for the 2009-2011 biennium will also be reduced.

It is imperative that State agencies, boards, and commissions scrutinize all spending decisions to promote the greatest restraint and economy possible while delivering services to citizens across Nebraska. I am asking you to undertake a critical review of all of your decisions in the following areas:

- **Hiring:** Conduct an assessment to determine whether the filling of each vacant position may be deferred on a temporary or permanent basis. Do not fill positions that may be left vacant on a temporary or permanent basis.
- **Travel:** Restrict travel to that required to provide safety and protection to our citizens and to ensure continued delivery of services. Eliminate meetings that require travel when the State's business can be adequately concluded through use of telecommunications services at a lower cost. Eliminate unnecessary conference travel. Choose the method of travel that affords the greatest economy.
- **Software, Hardware, and Equipment:** Assess software, hardware, and equipment acquisition to determine whether it may be deferred on a temporary or permanent basis. Make only those purchases which guarantee cost savings or ensure continued service delivery. Eliminate purchases for convenience or style.
- **Other Operating Costs:** Review current practices and related operating costs to implement lower cost or no-cost alternatives that do not degrade direct services to our citizens.

- Grants in Aid: Review current schedules for required payments or grants in aid to political subdivisions or other organizations to ensure that payment practices recognize the time value of money and are conducted in the most efficient manner possible.

You may already have provided direction and undertaken steps to emphasize a high level of spending restraint and economy within your agency. I applaud such efforts and I ask that you re-emphasize the importance of your directives. If you have not done so, I ask you to undertake such actions immediately. While we focus our attention on reducing spending supported by the General Fund revenues of the State, it is very important that your actions are also directed at spending financed from other fees, assessments, or tax revenues.

Your efforts are especially important as further consideration is made by the Legislature regarding possible changes to the 2007-2009 biennial budget and before work begins on the development of the 2009-2011 biennial budget.

Please address any questions regarding this memorandum to your assigned Budget Management Analyst in the Administrative Services State Budget Division. Thank you.